IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

UNITED STATES OF AMERICA

v. No. 4:17-CR-075-O

OMAIR RAFIQ CHAUDRY (01)

FACTUAL RÈSUMÈ

I. Plea:

The defendant is pleading guilty to Count One of the Information. The Information charges Misprision of Felony, in violation of 18 U.S.C. § 4.

II. Penalties:

The penalties the Court can impose include:

a. imprisonment for a period not more than three (3) years;

b. a fine not to exceed $250,000;

c. a term of supervised release of not more than one (1) year, which will follow any term of imprisonment. If the defendant violates the conditions of supervised release, he could be imprisoned for the entire term of supervised release;

d. a mandatory special assessment of $100;

e. restitution to victims or to the community, which may be mandatory under the law; and

f. costs of incarceration and supervision.

III. Elements of the Offense:

In order to establish the offense alleged in Court One of the Information, the government must prove the following elements beyond a reasonable doubt:

First: That a federal felony was committed, as charged in Count One of the Information, that is, wire fraud, the elements of which are: (1) that Rani Alabed had created a scheme to defraud as set out in the Information; (2) that Alabed acted with a specific intent to defraud; (3) that the scheme to defraud employed false material representations and; (4) that on or about the dates alleged in Count One of the Information, Alabed used interstate wire communications facilities for the purpose of carrying out the scheme.

Second: That the defendant had knowledge of the commission of the felony;

Third: That the defendant failed to notify an authority, such as a federal judge or some other federal civil or military authority, as soon as possible; and

Fourth: That the defendant did an affirmative act, as charged, to conceal the crime.

IV. Stipulated Facts:

Omair Rafiq Chaudry's account of events and stipulation of facts is as follows:

Kroger Company (Kroger) was a national chain of grocery stores and food processing plants. Kroger wholly owned Vandervoorts Dairy Foods Company, (Vandervoorts), a dairy processing plant located in Fort Worth, Texas.

Rani Ismail Alabed was employed as the maintenance engineer at Vandervoorts in or about April 2014. As the Vandervoorts maintenance engineer, Alabed was responsible for the preventative maintenance program at the plant. Alabed had authority to create and approve purchase orders for plant repairs and maintenance, using engineers employed on-site at Vandervoorts or outside contractors. Once a purchase order was approved, it would be submitted via interstate wire to Kroger's Regional Accounting Center in Kansas for payment.

From in or about January 2014, until in or about September 2015, Alabed knowingly and willfully devised and executed a scheme and artifice to defraud and to obtain money and property from Kroger/Vandervoorts by means of materially false and fraudulent pretenses, representations, and promises.

Chaudry was a friend of Alabed. Alabed convinced him to set up Performance Industries, along with a bank account for the company. Alabed told **Chaudry** that "Danny," an immigrant already employed as metal fabricator by an outside contractor at Vandervoorts, would do the work assigned to Performance. Alabed said that he wanted to create the business to employ Danny, who was underpaid and unhappy with his then-current employer, but could not open a business for himself.

The rationale for **Chaudry's** involvement was that neither Alabed, nor Danny, could open a business to serve Vandervoorts because each would technically have a conflict of interest. In particular, given Alabed's position at Vandervoorts, Alabed believed that having Performance Industries in his name would be a conflict because it would appear that Alabed would be granting contracts to himself. For **Chaudry's** effort, Alabed told him to keep ten percent of the money received from Kroger. **Chaudry** considered Alabed a good family friend, who always was interested in helping others, so the plan did not arouse **Chaudry's** suspicions.

It was part of Alabed's scheme that Performance Industries would be set up in **Chaudry's** name and that **Chaudry** would open an account at Navy Federal Credit Union on behalf of Performance, where he could deposit the Kroger payments. It was also part of the scheme that **Chaudry** would withdraw the bulk of the Kroger deposits in cash, and that Alabed would collect the cash from **Chaudry**. **Chaudry**, who had been told that Danny would be performing the work, did not know that the business was part of a scheme for Alabed to submit false documentation to Kroger showing that Performance had performed work at Vandervoorts when, in fact, it did not. In an interview of Alabed, he confirmed **Chaudry's** version of events.

Between November 19, 2014, and September 3, 2015, Alabed submitted, or caused to be submitted, 68 false requisition orders for Performance in Kroger's enterprise maintenance software. Alabed entered, or caused to be entered, these false requisition and purchase orders through the Vandervoorts computer system in Fort Worth, Texas. The false documentation was then transmitted electronically to a server in Cincinnati, Ohio.

Kroger paid Performance a total of approximately $203,924 between November 2014, and September 2015. Kroger mailed the checks from its Regional Accounting Center in Hutchinson, Kansas via the United States Postal Service to **Chaudry's** home in Fort Worth, Texas. Upon receipt, **Chaudry** deposited the checks into the credit union account he had opened for Performance. **Chaudry's** credit union account showed approximately $203,924 in deposits from Kroger and approximately $191,662 in cash/ATM withdrawals. **Chaudry** gave the cash he withdrew from the account to Alabed. The arrangement between Alabed and **Chaudry** continued for about ten months.

In early September 2015, however, Kroger fired Alabed for fraud. Alabed informed **Chaudry** that he had been fired from Kroger for stealing money; Alabed apologized for duping **Chaudry** into helping him; Alabed explained that there was no, "Danny;" Alabed stated no work on the Performance contracts actually had been done; and Alabed had pocketed the money Kroger paid to Performance. Alabed also told **Chaudry** not to talk with any investigators, as they could not prove anything. Alabed confirmed the substance of this account.

On October 17, 2016, while **Chaudry** was attending medical school in Antigua, an FBI Special Agent interviewed him regarding Vandervoorts/Performance Industries. **Chaudry** lied to the FBI agent to conceal the wire fraud, telling the agent that he did actual metal fabrication work for Kroger/Vandervoorts and ran the company out of his parents' garage. **Chaudry** did not report the wire fraud scheme, which was a violation of 18 U.S.C. § 1343, to the FBI or other federal authority.

AGREED AND STIPULATED on this 6th day of May, 2017.

Omair Rafiq Chaudry
Defendant

William Biggs
Counsel for Defendant